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DEPT FOR EAP/IET, PM/DTCC/BLUE LANTERN COORDINATOR - REBECCA
VALERIN

E.O. 12958: N/A

TAGS: [KOMC](#) [ETTCC](#) [ECON](#) [ID](#)

SUBJECT: BLUE LANTERN LEVEL 3--PRE-LICENSE END-USE CHECKS ON
APPLICATION 05-05008154

REF: SECSTATE 065656

¶1. Summary: PT Dirgantara Indonesia (DI) verified on July 21 that it ordered the CN235 components from Summit Aviation in October 21, 2005 (see reftel). The transaction is related to a sales contract from 1996 between DI and Indonesia's Department of Defense to build CN235 aircraft for the Indonesian Air Force (IDAF). We believe that this contract is legitimate. End summary.

¶2. We contacted PT Dirgantara Indonesia's Engineering Services and Logistics Division Head Mulawarman Wangsaputra on July 21 to verify order number 05-0008154. Mulawarman confirmed that DI had ordered the CN235 components detailed in reftel from U.S. firm Summit Aviation on October 21, ¶2005. According to Mulawarman, DI provides post-sale services and product maintenance to all its customers including IDAF. As such, when DI receives an order from one of its customers, they will endeavor to buy spare parts and components from the original manufacturer or its affiliate. Mulawarman said that DI is well aware of the restrictions of USML articles, including those pertaining to re-export.

¶3. According to Mulawarman, the current DI order is related to the 1996 sales contract between Indonesia's Department of Defense and PT Dirgantara Indonesia to build CN235 aircraft for the Indonesian Air Force as end user. Due to the Government of Indonesia's budget constraints, DI's production process was subject to a substantial delay. The reftel order included the components that DI bought from various sources as they re-started their production line to build the CN235 for IDAF.

¶4. We also contacted the Indonesian Air Force, Aero Division, Air Transport Section Head Lieutenant Colonel Amin Sulaksono on July 21 to confirm order number 05-0008154. According to Amin, he is still trying to find the original paperwork from 1996 for the IAF's order. He said that he will inform us as soon as he finds the 1996 documents. He did confirm, however, that IDAF is still awaiting the delivery of its CN235 aircraft from DI.

¶5. PT Dirgantara Indonesia, also doing business as Indonesian Aerospace (IAE), was established in 1976 and is an Indonesian state-owned enterprise. DI is one of the first indigenous aerospace companies in Asia with a core competence in aircraft design, development and manufacturing of civilian and military regional commuter aircraft. Before 2000, the company was called Industri Pesawat Terbang Nusantara (IPTN) and was led by former Indonesian President Habibie. On August 24, 2000, then President Abdurrahman Wahid officially changed the name of IPTN into PT Dirgantara Indonesia or Indonesian Aerospace. The Government of Indonesia owns 100 percent of the outstanding shares in the company. DI has produced and delivered more than 300 units

of aircraft and helicopters, defense systems, aircraft components, and other services to their customers.

¶6. Dirgantara Indonesia's aircraft products include the CN235 Civil, CN235 Military and CN235 Maritime. They also hold an aircraft production license as part of a subcontract program for the NC212, Boeing 757, and Airbus A330, A340 and A380 and a helicopter production license for the Super Puma NAS-332. The company also provides engineering services such as design development testing, manufacturing subcontracts, and aircraft and engine maintenance repair and overhaul (MRO). DI also has four subsidiary companies including a company named IPTN-North America, Inc., located in Tukwila 1035 Andover Park West, Suite B, Seattle, WA 98188 - 7681, U.S.A. Detailed information about the company can be viewed at their website: www.indonesian-aerospace.com

¶7. The following are DI's regular customers:

-- Domestic civil aviation: Merpati Airlines, PT. Gudang Garam;

-- Foreign civil aviation: Asian Spirit (Philippines) and Thailand's Department of Agriculture;

-- Domestic military: Indonesian Air Force, Indonesian Navy and Indonesian Army;

-- Foreign military: Malaysian Air Force, Brunei military, Korean military, Pakistani Air Force.

¶8. Post finds that PT Dirgantara Indonesia is a well-known and legitimate company. The address for PT Dirgantara Indonesia is as follows:

Jl. Pajajaran 154
Bandung 40174
West Java, Indonesia
Tel: +62 22 603 3900, 603 1717
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PASCOE